

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
Comment on Review of Lifeline and Link-Up	)	
Service for All Low-Income Consumers	)	

**INITIAL COMMENTS OF THE COLORADO DEPARTMENT OF HUMAN  
SERVICES, OFFICE OF SELF-SUFFICIENCY, AND THE COLORADO  
OFFICE OF CONSUMER COUNSEL**

**I. INTRODUCTION**

The Colorado Department of Human Services (“DHS”), Office of Self-Sufficiency, administers Colorado’s Lifeline and Link-up telephone access programs. The Office of Consumer Counsel (“OCC”) is the state agency that represents and advocates for residential, small business and agricultural utility consumers before the Public Utilities Commission (“PUC”), federal agencies including the Federal Communications Commission (“FCC” or “Commission”), and in the courts. The DHS, OCC, PUC, and Colorado’s local exchange carriers (“LECs”) have worked together cooperatively to implement the Lifeline and Link-up telephone discount programs. The DHS and OCC, in particular, advocate for low-income telephone customers.

DHS/OCC appreciate the opportunity to comment on these two programs that help ensure affordable basic telephone service for low-income consumers. We file comments jointly to offer whatever successes we have experienced with these programs, as well as problems encountered and recommendations for improvement. By filing jointly, we can offer the service delivery as well as regulatory consumer perspectives on

these telephone assistance programs. Since the DHS also administers the Low Income Home Energy Assistance Program (“LIHEAP”) for Colorado, it can offer insights on similarities, differences, successes, and problems.

## **II. BACKGROUND**

Since 1984, the FCC has administered a Lifeline program to promote universal service by discounting the cost of monthly telephone service to low-income consumers. The Commission also instituted the Link-up program that discounts the initial or non-recurring cost of activating basic telephone service. Pursuant to the Telecommunications Act of 1996 (Pub. L. No. 104-104, 110 Stat. 56 (1996) (“1996 Act”), the Commission established eligibility criteria to permit low-income consumers to receive the benefits of the Lifeline program in states that did not provide intrastate matching support, while maintaining the basic framework of the program in states like Colorado that provide matching support.

In 1986, Colorado enacted a Lifeline telephone assistance statute that contained a sunset provision, which resulted in the law’s repeal in 1989. Colorado’s LECs, the OCC, DHS, the PUC and numerous consumer organizations formed a coalition to advocate the recreation of the Lifeline statute. In 1990, the Colorado General Assembly recreated and reenacted the “Emergency Telephone Access Act,” at Colo. Rev. Stat. § 40-3.4-101 *et seq.*

Colorado’s Lifeline statute provides for a 25 percent discount on an eligible consumer’s single local dial tone line, including any mileage charges, and states that the discount cannot be less than the FCC’s subscriber line charge (“SLC”). Eligible to

receive these discounts are those certified by DHS as qualified to receive Old Age Pension, Aid to the Blind, Aid to the Needy Disabled, or low-income disabled persons qualified to receive Supplemental Security Income. Those qualified to receive Lifeline telephone discounts can best be described as the poorest of the poor, primarily the elderly and disabled. Only about 85,000 low-income consumers are eligible to receive Lifeline assistance, whereas Colorado has several hundred thousand low-income consumers. For example, 263,273 Coloradans are at 150 percent of the federal poverty level, and 335,026 at 185 percent of poverty and eligible to receive LIHEAP benefits. Also, the statute is clear that if federal assistance terminates, so does the state-ordered discount.

### **III. EFFECTIVENESS OF THE CURRENT PROGRAM**

Colorado's Lifeline and Link-up programs effectively discount both the recurring and non-recurring charges for basic telephone service, thus making local phone service more affordable for those eligible to receive this assistance. The program provides the maximum discount permitted under the FCC rules. However, only a very few low-income elderly and disabled persons are eligible because Colorado's enabling statute is so restrictive. Of the approximately 85,000 eligible for Lifeline and Link-up, about 25,000 or 29 percent are actually receiving the assistance. When so few low-income consumers are eligible to receive assistance, it makes it difficult to widely publicize the program. Using mass media campaigns to increase awareness results in a flood of calls or applications from people not qualified for the assistance who believe they should qualify.

DHS mails out a notice to each qualified person of the availability of telephone assistance when they become eligible for the programs and again periodically afterwards

through mailed notices. There is no ongoing campaign to increase awareness because the restrictive eligibility requires getting the word out only to those who qualify. County social services staff who administer the qualifying programs, such as Old Age Pension, encourage their clients to apply for Lifeline and Link-Up.

To summarize, almost two-thirds of those qualified by state statute, and 90 percent of those who are low-income (at 150 percent or below of the federal poverty level) are not receiving assistance.<sup>1</sup> This result is due in large part to state program eligibility restrictions and lack of information about the programs, but also because some low-income consumers, particularly the elderly, do not apply for assistance by choice. And, since those eligible for Lifeline assistance are not TANF recipients, welfare reform has had no impact on the number of households participating.

To increase participation, Colorado has implemented a paperless application process that allows potential recipients, after being notified of eligibility, to simply call their local telephone company to receive the discounts. There is no written application. This paperless application process makes it easier for the consumer to get the needed assistance and also enables low-income consumers to choose a Competitive Local Exchange Carrier (“CLEC”) that offers the assistance to eligible subscribers using the same paperless application process as the incumbent LEC. There is no paper application to keep track of and transfer from company to company.

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<sup>1</sup> In the year 2000, 91.4% of Colorado households with incomes of \$10,000 or less had telephone service, whereas 95.2% of all households had telephones. Alexander Belinfante, Telephone Penetration by Income by State (Federal Communications Commission), July 2001, p. 11.

#### **IV. MODIFYING EXISTING FCC LIFELINE AND LINK-UP RULES**

If the FCC were to require a minimum eligibility standard, such as LIHEAP, more low-income consumers would qualify, certainly in Colorado and perhaps elsewhere, and it would be easier for local phone companies serving many states to administer and explain the program. A minimum eligibility standard would still permit states to exceed the standard so as to provide assistance to more low-income consumers. Obviously the more who qualify and receive assistance, the higher will be the administrative costs to DHS and the higher will be the surcharge to pay for the program. This is a small price to pay to enable more low-income consumers to have phone service.

Colorado's statute does permit those who are certified by DHS as qualified to receive, rather than actually receiving assistance from the various programs to receive the Lifeline telephone discount. The letter they receive from DHS indicating eligibility contains a unique number that certifies them as eligible. The subscriber then gives this number to his or her local phone company who can verify it with DHS through an automated process.

Recertification of eligibility is required by Colorado statute and is accomplished through a six-month electronic match of those eligible with those receiving Lifeline. The Lifeline discount is then terminated for those who are no longer eligible. Because only the low-income elderly and disabled are eligible, very few lose eligibility. Unfortunately, this matching process has resulted in some losing the discount in error because social security numbers don't match or the telephone bill is not in the name of the eligible recipient. A minimum eligibility term of at least one year would be more efficient since we have so little churn.

The most efficient way to establish eligibility is to piggyback on eligibility for an existing program and make that the minimum required. Since in Colorado, the same office administers both the LIHEAP and Lifeline programs, it would be desirable to make eligibility for LIHEAP the minimum required. The same state office could send notification of both LIHEAP and Lifeline eligibility, the outreach efforts would be aimed at the same population, and certification of eligibility could be combined. If you are eligible for Lifeline, you are eligible for LIHEAP and vice versa. Also, LIHEAP eligibility closely tracks income level and is generally set at 150 to 185 percent of the federal poverty level.

The Joint Board requests comment on the federal application process. This process seems burdensome. Requiring clients to provide written certification of eligibility and non-eligibility is unnecessary. If notification is sent only to those eligible, this should eliminate the need for written self-certification. Periodic electronic matching of those eligible with those receiving Lifeline assistance should be sufficient to ensure that only those qualified are receiving the discount.

Automatic enrollment would increase the number of recipients and be more efficient. Confidentiality of client records could be maintained through non-disclosure and confidentiality agreements between DHS and the phone companies. Again, certification is achieved by automatically enrolling only those whom the state human services or social services agency qualifies as eligible and transmits to the LECs. In Colorado, however, our legislation would have to be amended to accomplish automatic enrollment. Automatic enrollment will result in a higher but still reasonable Lifeline

surcharge on customer bills. The Lifeline surcharge today is only 4 cents per month, based on about 25,000 program participants.

## **V. ADDITIONAL MODIFICATIONS**

Affordable access to the network for low-income households is impeded by the disconnection and reconnection policies of LECs, as well as the existence of prepaid providers charging exorbitant rates. Although LECs cannot disconnect local service for nonpayment of toll charges, the disconnect notice sent to customers is unclear to the customer. The disconnect notice does not clearly state that the amount owed for local service charges must be paid to retain telephone service. If other services remain unpaid, only those services can be disconnected, not local service. Partial payments will first be allocated to basic local service. Consumers are unaware of their rights and after receiving a confusing disconnect notice, may simply not pay any of the bill, resulting in disconnection. Once disconnected, the LEC may require upfront payment of all unpaid jurisdictional balances before restoring phone service. Paying this amount may be impossible for low-income consumers. Unfortunately, there are prepaid dialtone telephone companies who stand ready to sign these disconnected customers up at a premium rate of \$32 to \$49 per month (as compared with Colorado's average monthly charge of \$15). Low-income consumers sign up believing this is their only choice for phone service. These prepaid dialtone companies pitch their ads to those who have been disconnected, have bad credit or no credit, cannot afford a deposit, and do not want to reveal their social security number.

FCC rules could require separate notice to Lifeline customers for local service disconnections, unbundled from any other service disconnection notice. In other words, LECs would have to give separate notice for local service disconnection that did not include any unpaid balances for other services such as toll or features. If a customer eligible for the Lifeline discount owes an unpaid balance, which must be paid before service is restored, that balance should be amortized over a 12-month period.

Some LECs, including Qwest, instituted toll blocking as a deposit alternative for all customers before the FCC's Eligible Telecommunications Carrier ("ETC") rules were proposed. This deposit alternative has enabled more customers to obtain phone service regardless of their credit history.

Finally, more affordable and available wireless phone service opens up new possibilities for the Lifeline/Link-up program. Low-income households may be able to afford a wireless plan that mirrors the wireline basic service monthly charge and is provided by a wireless ETC. Both Western Wireless and Northeast Colorado Cellular will be offering such a plan in Colorado's rural eastern plains areas. In many of these areas, wireless will be the only local service competition available.

## **VI. OUTREACH**

More and improved outreach is needed to reach the large unserved client population. In Colorado, we must find a way to more successfully reach and enroll the eligible population without publicizing the program to the vast majority of low-income consumers who do not qualify under state law.



The Colorado LIHEAP program used a targeted and sophisticated marketing campaign last heating season to expand enrollment in the program. Whether because of this campaign, or the soaring natural gas prices, or both, the LIHEAP program served about 76,000 customers as compared with about 48,000 the previous year. We believe this increase was due, at least in part, to the marketing/outreach effort implemented.

Unlike the LIHEAP effort, it will be imperative to develop a Lifeline campaign that targets the limited eligible population without spreading the word to the remainder of Colorado's low-income residents. Focused outreach that hones in on the target group will have to be developed and pursued, perhaps through consultation with advertising experts, to avoid over-exposure while concentrating on those who qualify. Community leaders and agency representatives who work with and have extensive contact with Colorado's low-income elderly and disabled groups should prove to be very valuable in reaching and enrolling members of this population.

More frequent mailings to eligible households, and LEC distribution of materials to the eligible population may increase participation. A national minimum eligibility standard would help multi-state LECs in their information efforts.

While there are a number of non-profit organizations that can help, Colorado's restricted Lifeline eligibility to the elderly and disabled narrows that list to those who serve this population. Area agencies on aging, senior centers and agencies that serve the disabled are among those that can and do provide information about Lifeline to their clients.

In addition to adopting specific outreach requirements, the FCC should require LECs to coordinate their efforts with the appropriate state or local agencies that

administer the Lifeline/Link-up programs in their states. Outreach is a local responsibility tailored to the unique circumstances of the local community. LECs can be helpful in making additional resources available for outreach such as assistance in designing brochures and devising a marketing campaign to reach the targeted population. Notices provided in bills are not particularly useful in reaching the target population. More nontraditional outreach efforts are needed, such as those used in Colorado's LIHEAP marketing effort.

## **VII. CONCLUSION**

The Lifeline and Link-up programs play a critical role in maintaining universal telephone service. Establishing a federal minimum eligibility standard to be consistent with or the same as LIHEAP eligibility would enhance the program and increase the numbers of those eligible. Providing information to states on best practices in outreach, removing impediments to participation, and other success stories would be a very useful role for the FCC to play.

Respectfully submitted this 31st day of December, 2001.

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